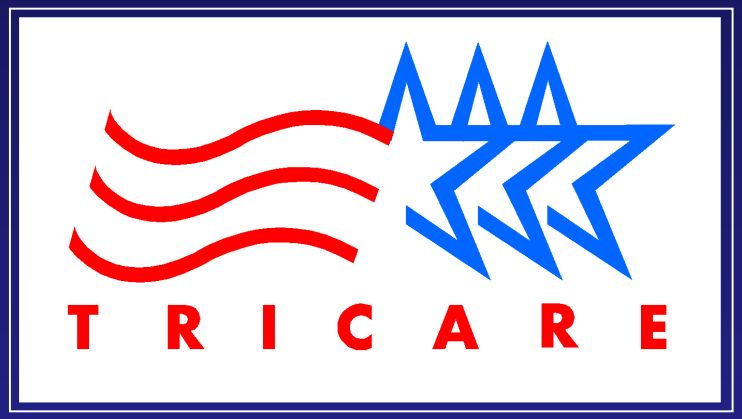


Dynamite: The Power of Integrated Communications

2 November 1999

Colonel Frank Cumberland
Director, Communications & Customer Service

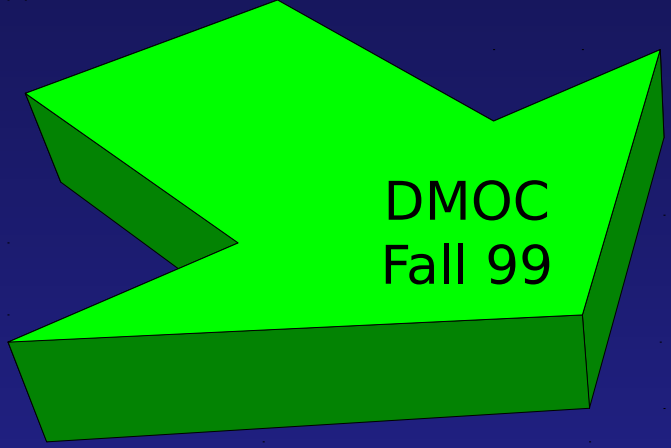
A Week in the Life of the MHS

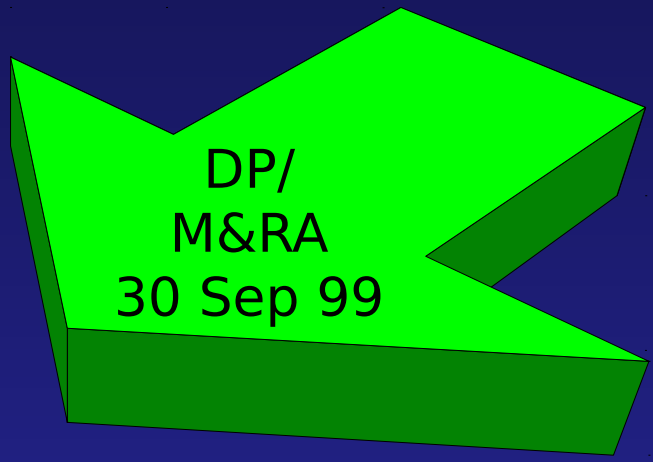
TRICARE Management Activity

Total Beneficiaries	8,300,000
Prime Enrollees	3,300,000

- Admissions 10,000
- Outpatient Visits 898,000
- Prescriptions 1,870,000
- Births 1,800
- Dental Procedures 674,000
- Claims Processed 519,000
- Telephone Calls 368,000

FY 1998





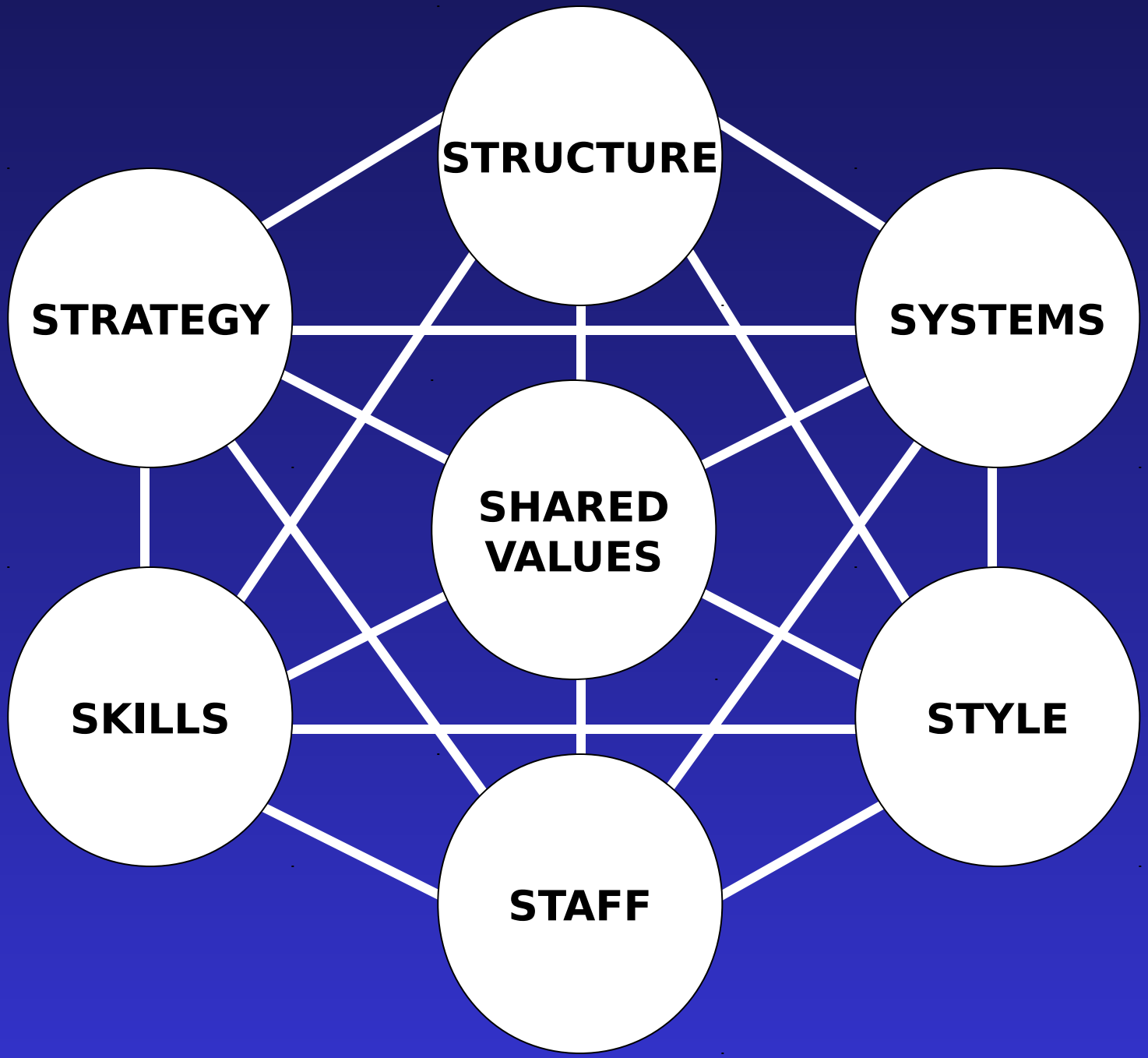
TRICARE
TRICARE Management Activity

C&CS Conference
2-4 November 1999

Dr. Bailey on TRICARE

"We've done a beautiful job standing up TRICARE... If this were a civilian corporation, you'd want to buy stock in it!"

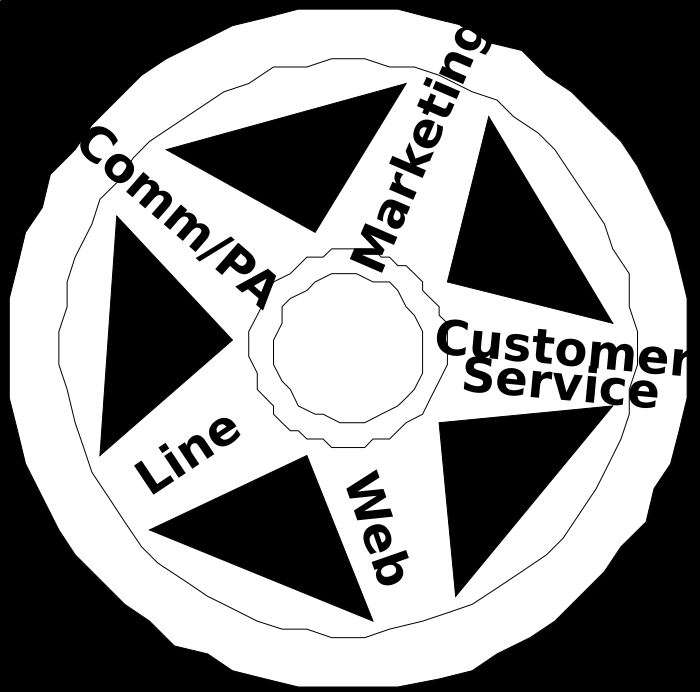
–TRICARE Summit
22 October 1999



TRICARE Management Activity

TRICARE
TRICARE Management Activity

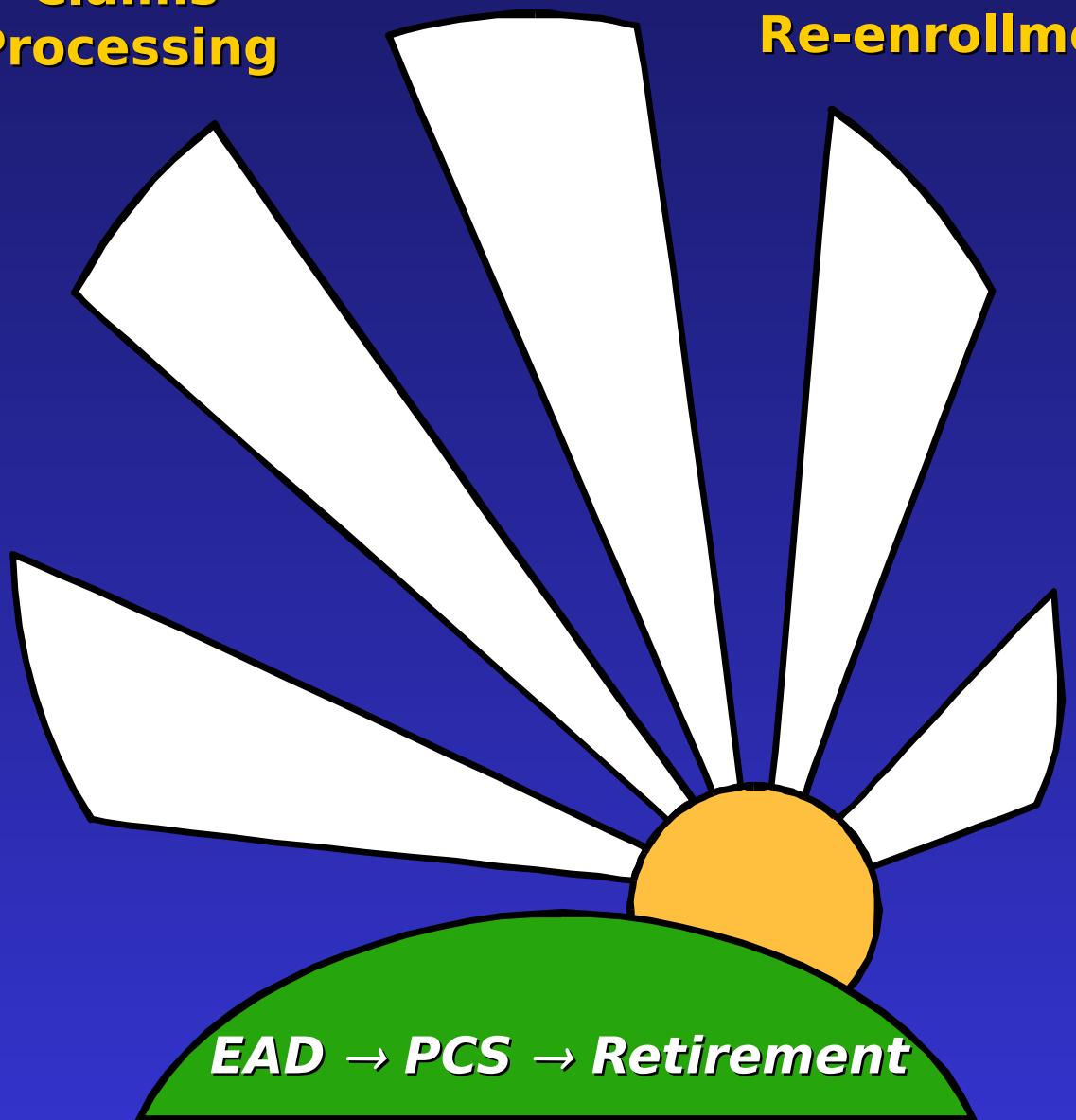
Customer



TRICARE Management Activity

Moments of Truth in TRICARE

TRICARE Management Activity

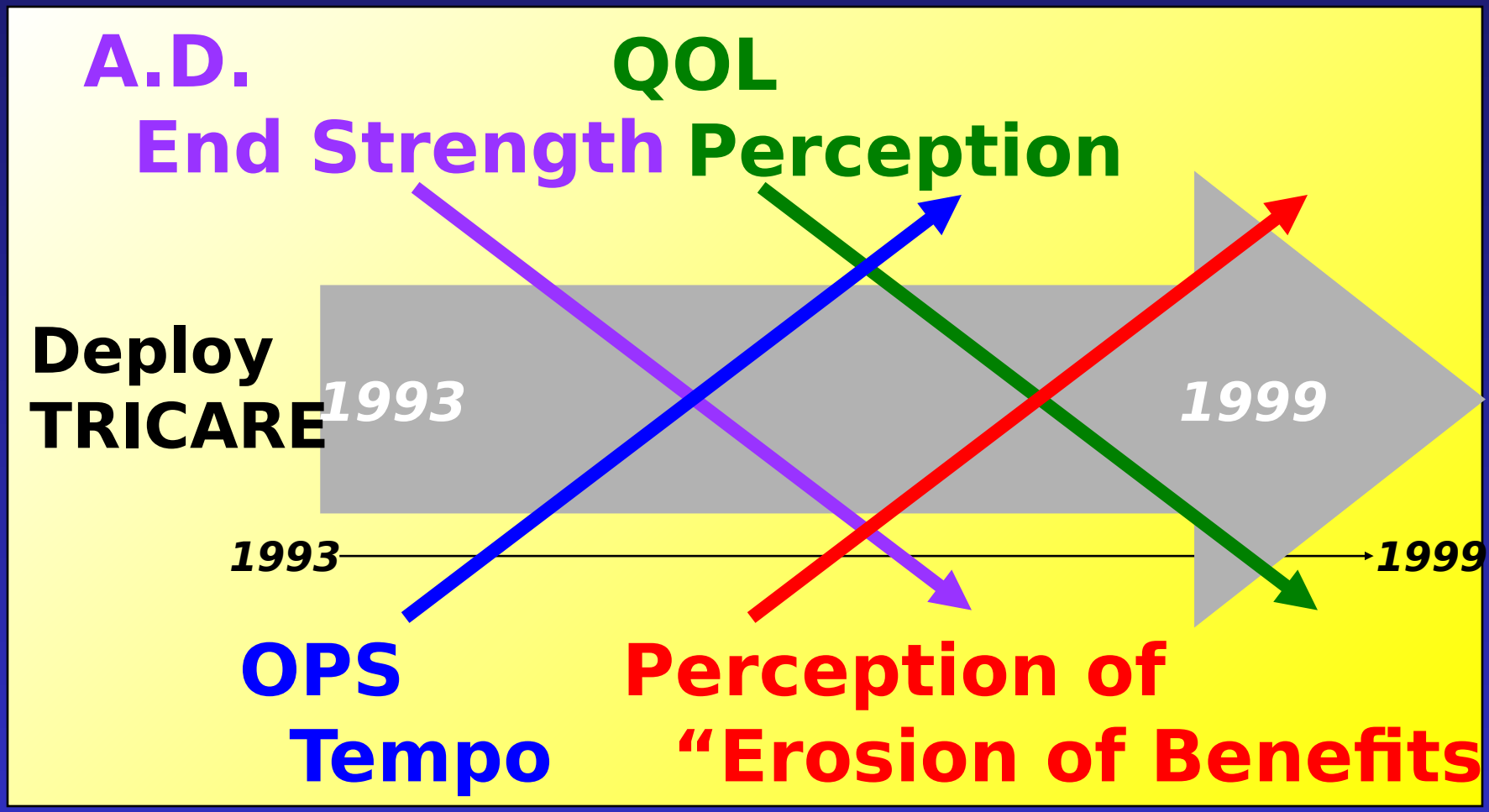


One Voice One Message

TRICARE Management Activity

All on the Same Sheet of Music

Market Climate



Sick to Death
of Managed Ca
Fairfield Weekly 21 Oct 99

As Smoke Clears, Lawyers Take On Health Insurers
Los Angeles Times 9 Oct 1999

Consumers Join the
Managed Care Magazine Sep 199

How HMOs Became the Enemy
The Washington Post 10 Oct 1999

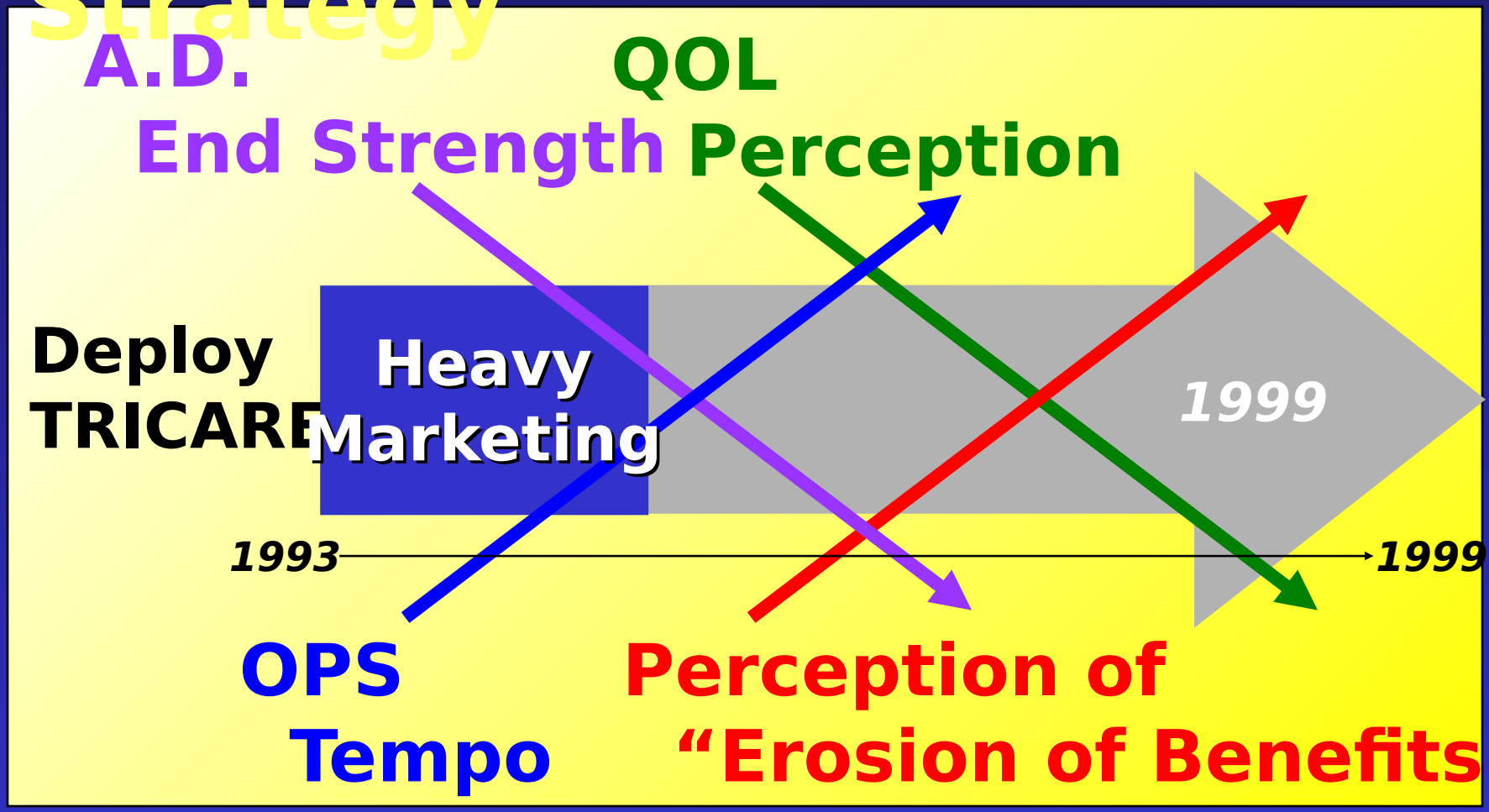
House Hears Grim Tales About Managed Care
New York Times 8 October 1999

Stung by Defeat in House, HMO's Seek C
New York Times 9 October 199

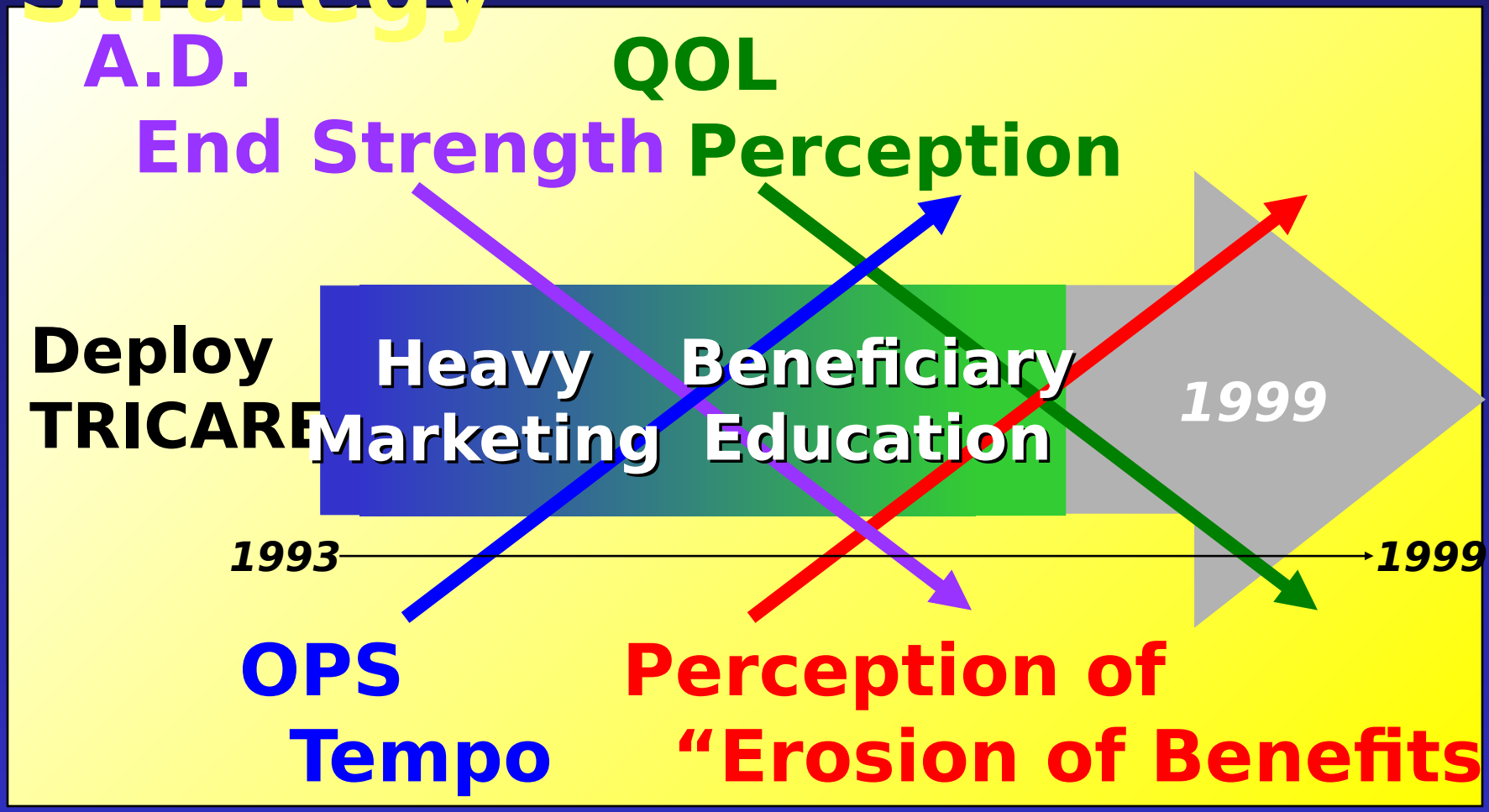
MO Love Affair Over?
USA Today 19 Oct 1999

Health Care Horror St
Compelling but One-Si
The New York Times 12 Oct 19

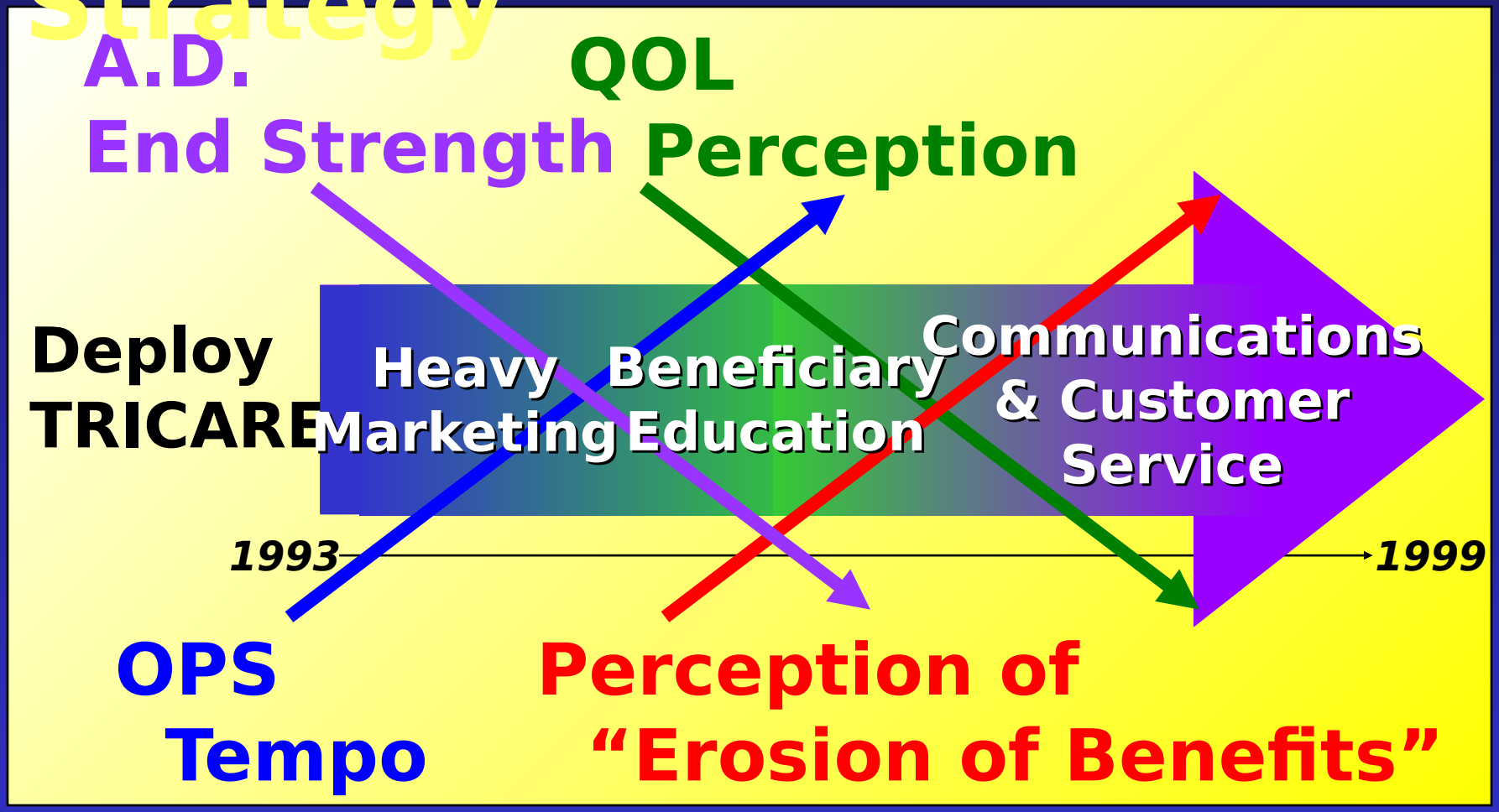
Communications Strategy



Communications Strategy



Communications Strategy



TRICARE
TRICARE Management Activity

Your Immediate Challenge Is to Move from Promise to Proof

The New Rules of Healthcare Marketing,
Arthur C. Sturm, Jr.

TRICARE:
The Accountable Health Plan

TRICARE Management Activity

CONCERN	ACTION
• No ADFM Dental	• In Place
• No Retiree Dental	• In Place
• No AD Prime Remote	• In Place
• Over 65 lockout	• Medicare/FEHBP/TSSD Pharmacy Programs
• Claims Mess under CHAMPUS	• No Claims Filing for Prime/Extra
• No Access Standards	• Standards in Place
• MTF Appointment Desks Saturated	• Toll-free Appointments World-wide

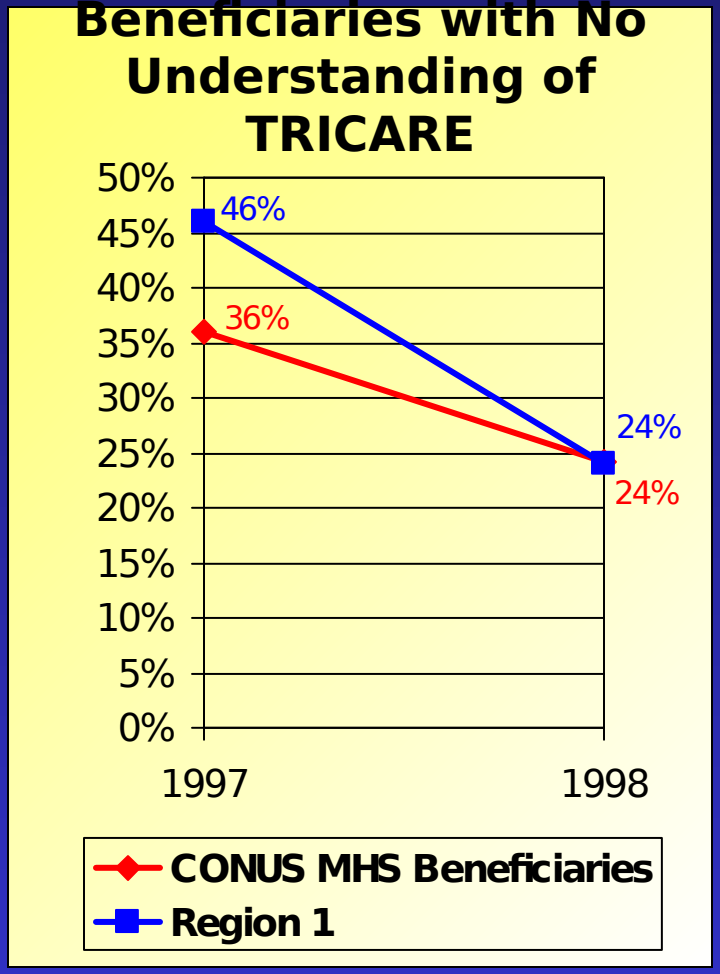
TRICARE Responds (Cont.)

TRICARE Management Activity

CONCERN	ACTION
• No Nurse Advice Lines	• In Place World-Wide
• Co-pays for Lab, X-Ray	• Eliminated for Prime
• Balance Billing	• Eliminated for Prime/Extra
• No Mail Order Pharmacy	• In Place World-Wide
• Annual Re-enrollment Hassle	• Automatic Re-enrollment in Place
• Overseas Claims Issues	• Co-pays/Deductibles Eliminated

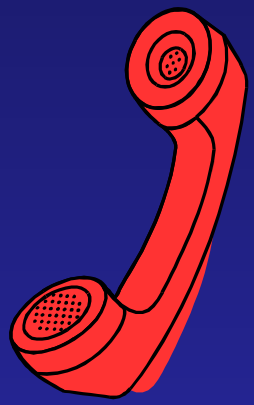
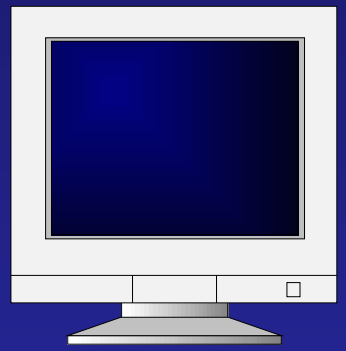
Understanding of TRICARE Improved from 1997 to 1998

- Understanding of TRICARE improved in every region from 1997 to 1998
- Substantial improvement in regions relatively new to TRICARE Prime (Regions 1, 2, 5, 7/8 and Alaska)



Source: 1998 Annual Health Care Survey of DoD Beneficiaries

If you have a...

,

or a


you have access to unlimited, free, accurate information about TRICARE

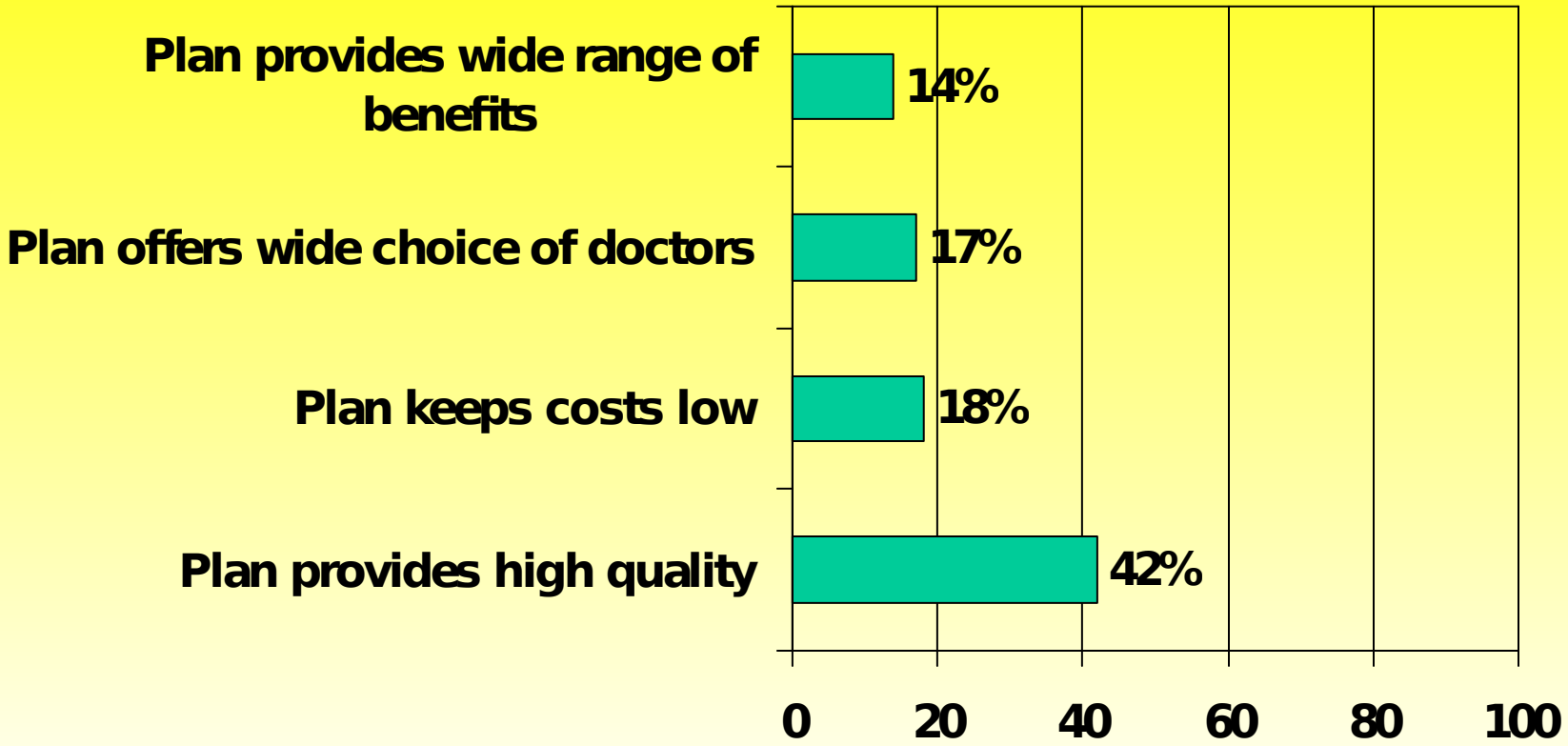
The Next Step in TRICARE Communications

- The beneficiary moves beyond accepting TRICARE
- The beneficiary moves beyond understanding TRICARE
- Our beneficiaries accept, understand, and embrace TRICARE as their preferred health plan

Americans' Most Important Concern in Choosing a Health Plan in High Quality

TRICARE Management Activity

Percent who say each is their most important concern in choosing a health plan

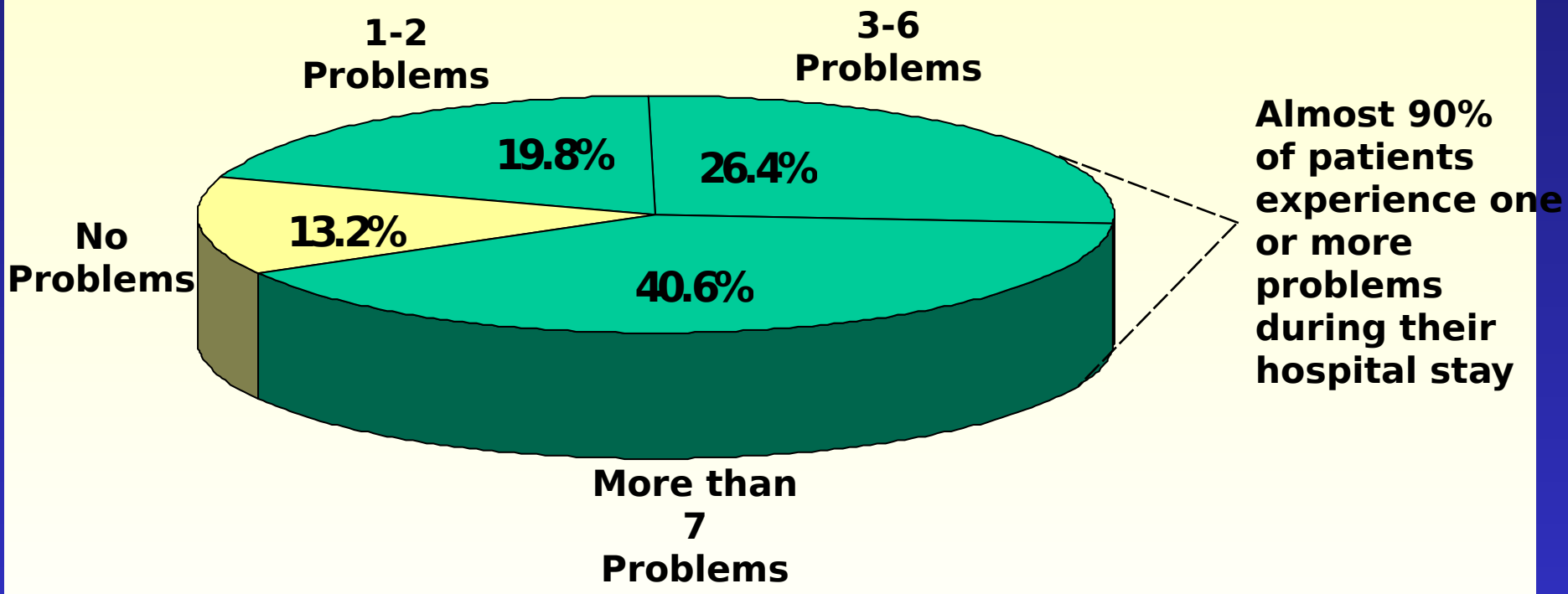


National Survey by the Kaiser Family Foundation and the Agency for Health Care Policy and Research, 28 October 1999

Multiple Service Problems Common in Civilian Healthcare

TRICARE Management Activity

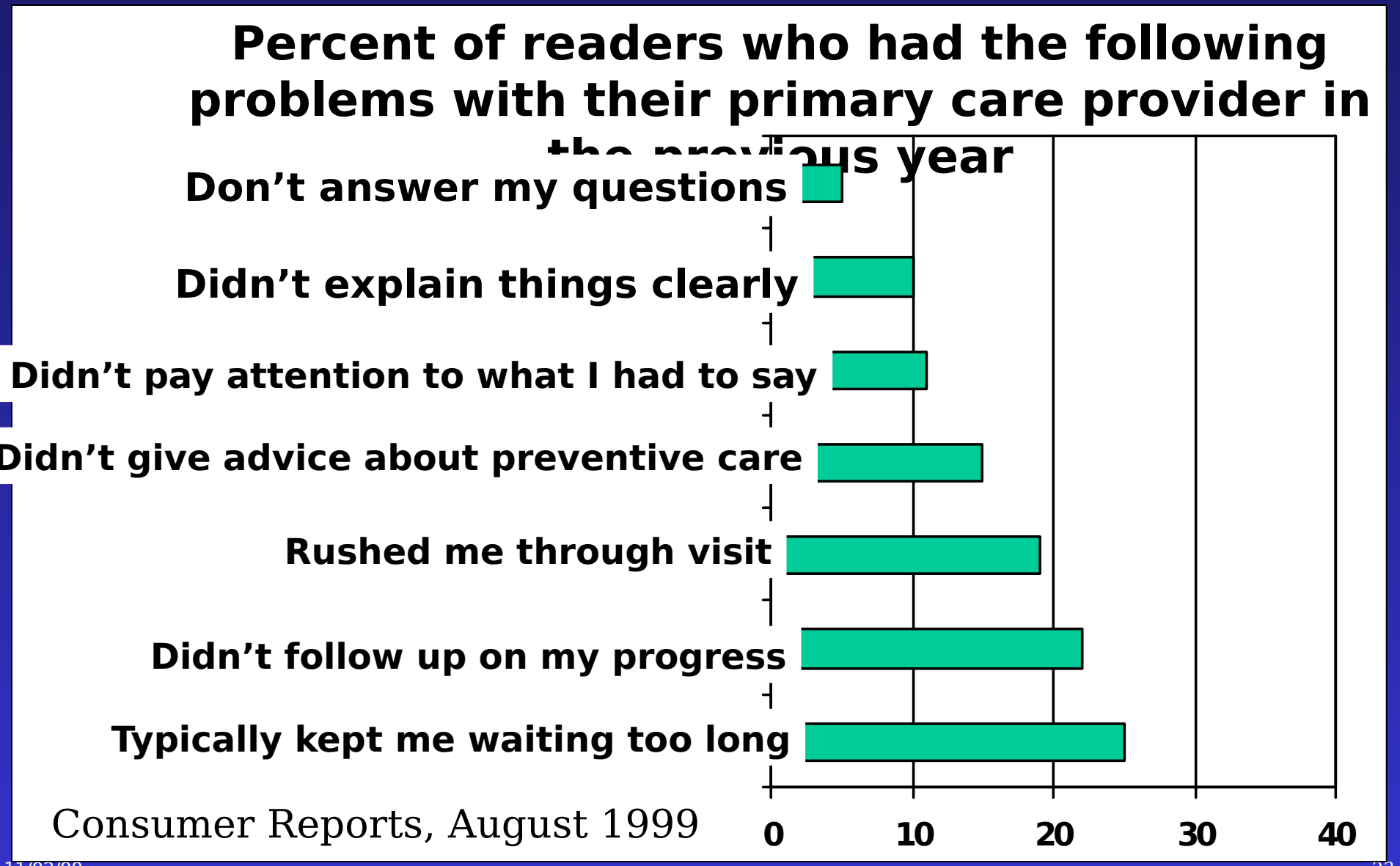
Number of Reported Service Problems per Inpatient Stay



Source: Health Care Advisory Board analysis of Picker Institute survey results
(based on experience of 101,000 patients at 177 hospitals)

Problems With Docs

TRICARE Management Activity


Percent of readers who had the following problems with their primary care provider in the previous year
Don’t answer my questions
Didn’t explain things clearly
Didn’t pay attention to what I had to say
Didn’t give advice about preventive care
Rushed me through visit
Didn’t follow up on my progress
Typically kept me waiting too long
0
10
20
30
40

Consumer Reports, August 1999

Giving Hospitals Low Marks for Service

TRICARE Management Activity

FORTUNE

1998 American Customer Satisfaction Index

	Industry	Score		Industry	Score
1.	Beverages (Soft Drinks	83	18.	Department and discount stores	74
2.	Pet foods	83	19.	Supermarkets	74
3.	Personal-care, cleaning products	82	20.	Electric service	73
4.	Food processing	81	21.	Solid-waste disposal (central cities)	73
5.	Beverages	81	22.	Commercial banks	72
6.	Parcel delivery, express mail	80	23.	Hotels	71
7.	Household appliances	80	24.	Motion pictures	71
8.	Consumer electronics	80	25.	Personal computers	70
9.	Automobiles, vans, light trucks	79	26.	Publishing (newspapers)	69
10.	Gasoline	78	27.	U.S. Postal Service	69
11.	Tobacco (cigarettes)	77	28.	Airlines (scheduled)	67
12.	Apparel (sportswear)	77	29.	Hospitals	67
13.	Insurance (casualty, property)	77	30.	Local police (suburbs)	67
14.	Solid-waste disposal	77	31.	Restaurants (fast food, pizza, carry-out)	66
15.	Telecommunications	75	32.	Local police (central cities)	63
16.	Insurance (life)	75	33.	Broadcasting (national news)	62
17.	Apparel (athletic shoes)	74	34.	Internal Revenue Service	54

Hospital service ranked 29th when compared to 33 other industries

SOURCE: "Now Are You Satisfied? The 1998 Customer Satisfaction Index." Fortune, 16 February 1998, p. 166

The Law of Candor

When you admit a negative,
the prospect will give you a positive.

Ries, Al and Trout, Jack, *The 22 Immutable Laws of Marketing*

What They're Saying

TRICARE Management Activity

AD/Family	RET <65/Family	RET ≥65/Family
Claims not paid / Not paid on time	Broken Promise	Broken Promise
Access standards not being met	More providers in network	Lack "Space A" in MTFs
More providers In network	Claims not paid / Not paid on time	Pharmaceuticals not available in MTFs
Portability problems/ point of service charges	Lack of "Space A" care	Access to NMOP
No Prime in remote locations	Prime not available	Option of FEHBP
Pre-authorizations	Drugs not available at MTFs	
	NMOP formulary	
	Better dental coverage	

TRICARE PRIME: Beating the Competition

Benefit	Prime	Firms with 5000+ Employees
Occupational Therapy	Yes	71.3%
Chiropractic Care	Demo Completed	52.3%
Prescription Drugs		
Mandatory Use Generics	Formulary	46.3%
Mail Order Discount Plan	Yes	27.4%
Include Experimental	Yes*	10.2%
Vision Benefits	Yes	43.3%
Mammography	Yes	100.0%

*National Cancer Institute Clinical Trials

KPMG PEAT MARWICK Comparison, 1998

"A lie gets
halfway around the world
before the truth has a chance
to get its pants on. ”

- Sir Winston Churchill

The Pocketbook Issue

“Health Plan Costs to Soar This Year”

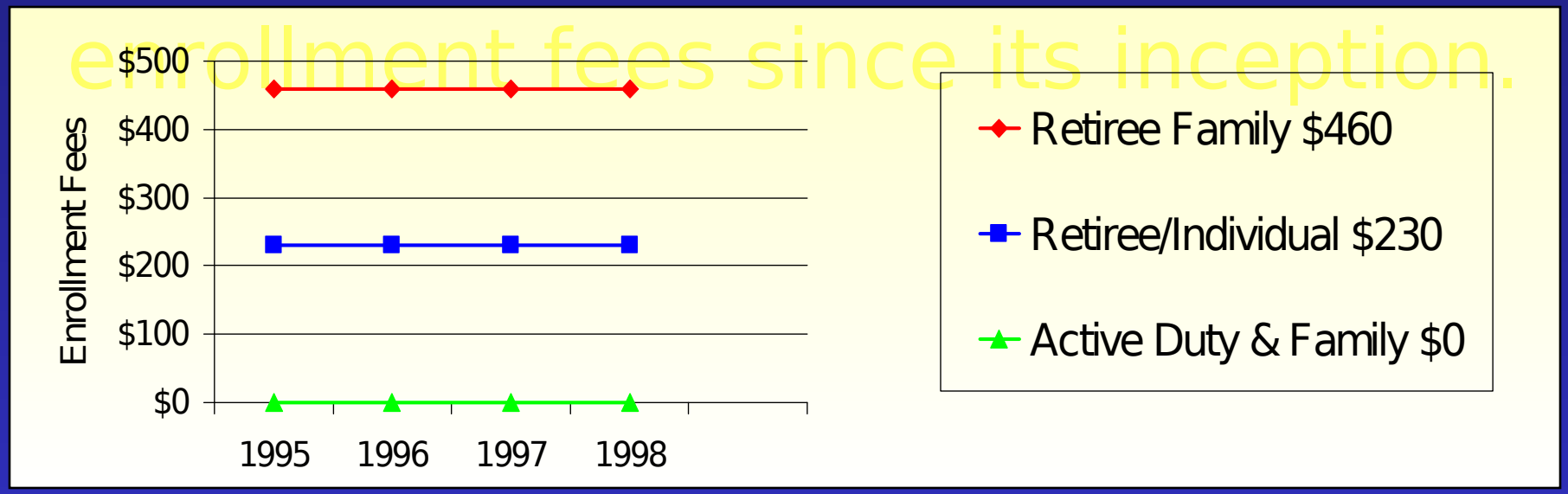
(USA Today 6 January 1999)

“Analysts expect rates to rise 7% to 11%
(in the year 2000) for large companies,
about the same as this year.”

Among midsize firms

But not so with TRICARE

TRICARE Prime has maintained stable enrollment fees since its inception.



Also ... TRICARE Standard (CHAMPUS) deductibles have not increased since 1992

Front Page of *The Washington Post*, Sept 19, 1999:

TRICARE Management Activity

"Costs to Rise 9% in Federal Health Plan"

Premium Increases

	FEHBP	TRICARE
1998	7.2%	0%
1999	9.5%	0%
2000 (projected)	9.3%	0%
TOTAL	26% Increase	No Increase

Comparing TRICARE

	TRICARE Prime	Civilian HMO Premium
E-5 Family of Four	No enrollment Fees No Co-pay in MTF $12 co-pay in network	Average: $390/month … $4,680/year Co-pays
Military Retiree, Age 40-65, Family of Four	Enrollment Fee: $460/year	Average Enrollment Fee: $4,680/year

Source: American Association of Health Plans/Health Care Advisory B
1996 Data

Robinson Re-enlists

"He (Aviation Electronics Technician 1st Class Tom Robinson) lists 'benefits for my family' as one of the most important reasons for dusting off his Navy uniform, rating medical care at the top.

He figures he saves up to $400 a month in insurance costs."

Navy Times, 19 April 1999, p. 14

Sorge Reconsiders

"'I decided to give civilian life a try' after four years in the Corps, he (Robert Sorge) said. But he soon learned that working at Kmart didn't pay as much as he earned as an E-3 and offered zero health care benefits."

Navy Times, 19 April 1999, p. 15

TRICARE Program Evaluation

Significant Findings, 1997

TRICARE Management Activity

In First Seven Regions, TRICARE:

- Improved Access to Care
- Maintained Quality of Care
- Reduced Government Costs
- Held line on costs for Active Duty Families

Source: Center for Naval Analyses/Institute for Defense Analyses, Congressionally-directed evaluation of seven TRICARE regions, September 1999

CNA/IDA Study:
Summary of Changes in Access

TRICARE Management Activity

Measure	Statistically Significant Change Under TRICARE
Realized Access	
Likelihood of having a visit	Increased
Use of preventive care[a]	Mostly Increased
Use of the emergency room	Decreased
Availability	
Getting care when needed	Increased
Obtaining Care	
Satisfaction with ease of making appointment	Increased
Wait time for an appointment	Decreased

[a] Increases in blood pressure and cholesterol checks, physical exams, immunizations and wellness advice; decreases for Pap tests, prenatal exams

Source: Center for Naval Analyses/Institute for Defense Analyses, Congressionally-directed evaluation of seven TRICARE regions, September 1999

Annual Survey '98

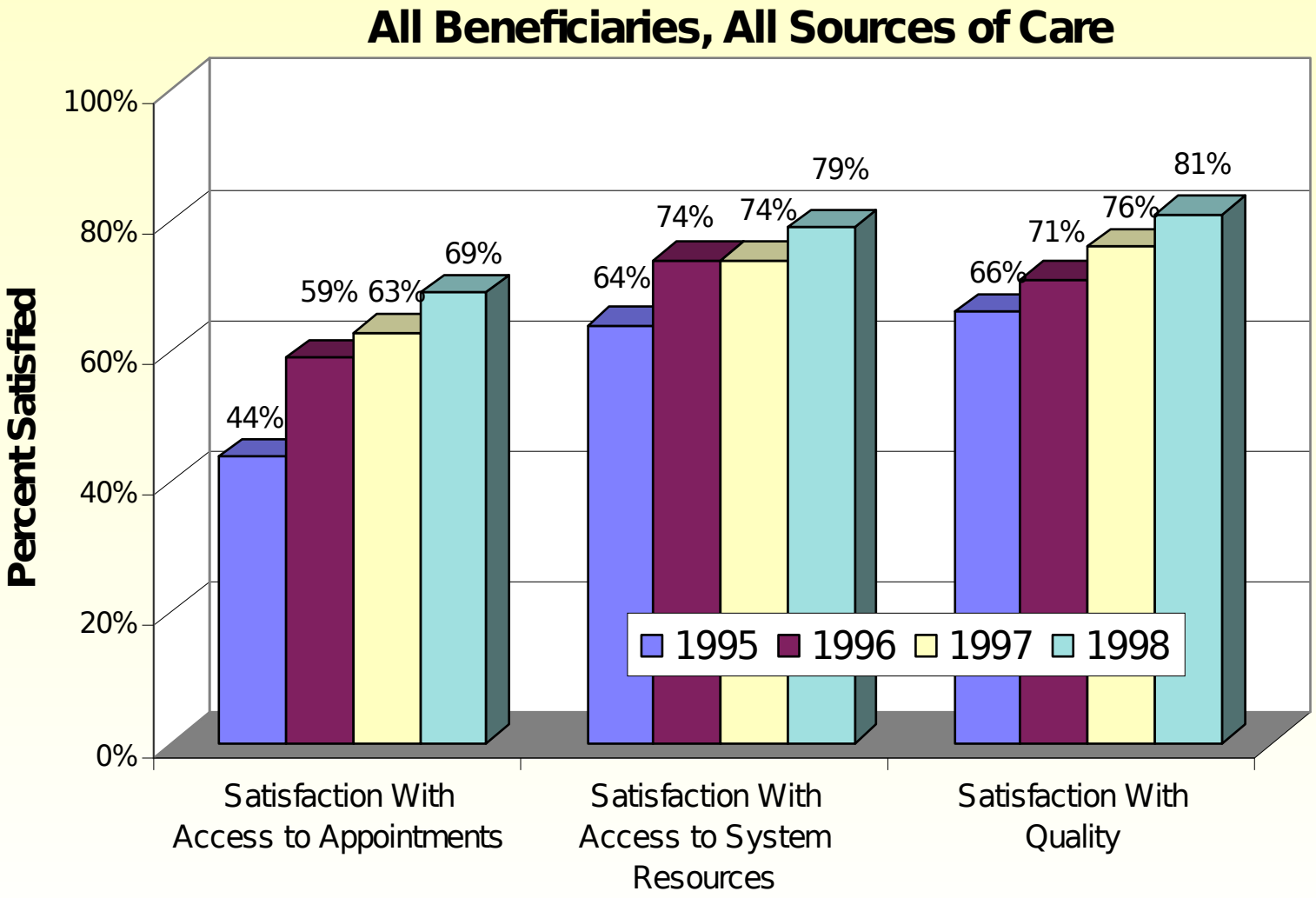
TRICARE is Improving, Both in Results and in Visibility

- Customer satisfaction with both military and civilian sources of care is growing
- Satisfaction with access and quality of care indicate steady improvement
- Beneficiary understanding of TRICARE improving in all regions

Source: 1998 Annual Health Care Survey of DoD Beneficiaries

Satisfaction:
Moving in the Right Direction

TRICARE Management Activity

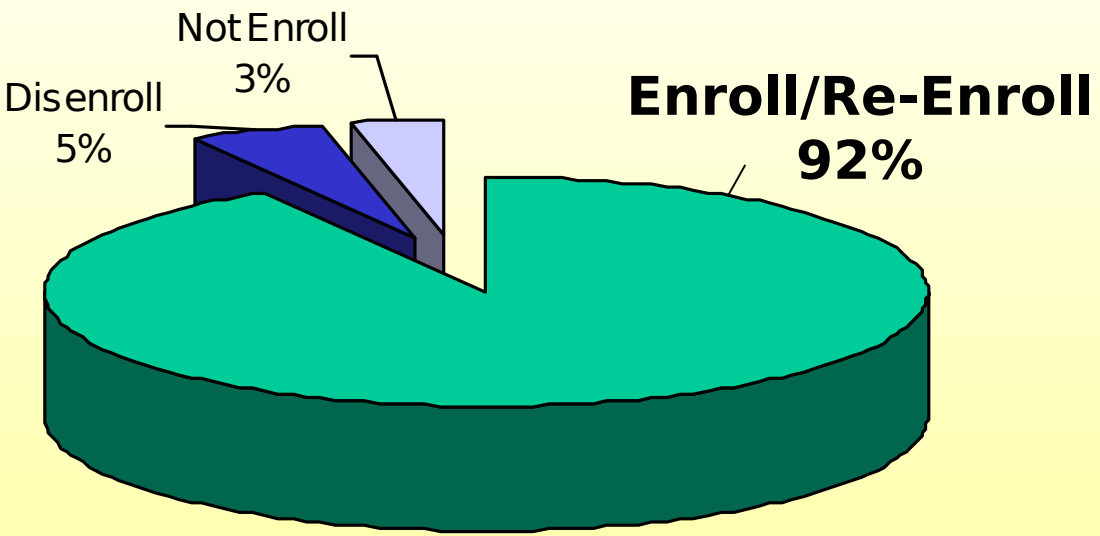


Source: 1995 - 1998 Annual Health Care Survey of DoD Beneficiaries

Bottom Line:
People Are Staying With TRICARE

TRICARE Management Activity

We asked Prime enrollees,
"If you were given the option, would you…?"



All Prime Enrollees, System-Wide

Source: *Nov 98 - Jan 99 Customer Satisfaction Survey*

The Coca-Cola Board Meeting

The Law of Focus

The most powerful concept in marketing is owning a word in the prospect's mind.

TRICARE

Ries, Al and Trout, Jack, *The 22 Immutable Laws of Marketing*

TRICARE
TRICARE Management Activity

Comm[illegible]ate
Gotta
Read
the

The Law of Hype

The situation is often the opposite
of the way it appears in the press.

Ries, Al and Trout, Jack, *The 22 Immutable Laws of Marketing*

Why Stay?

TRICARE Management Activity

The Five Most Frequently Selected Reasons to Stay in the Military Among Surveyed Servicemembers in Retention Crit Specialties Indicating an Intention to Stay

Officers	Enlisted
1. Military values & lifestyle	1. Medical care for military members
2. Sense of espirit de corps	2. Retirement pay
3. Retirement pay	3. Education assistance
4. Military training opportunities	4. Military values & lifestyle
5. Promotion opportunities	5. Base Pay

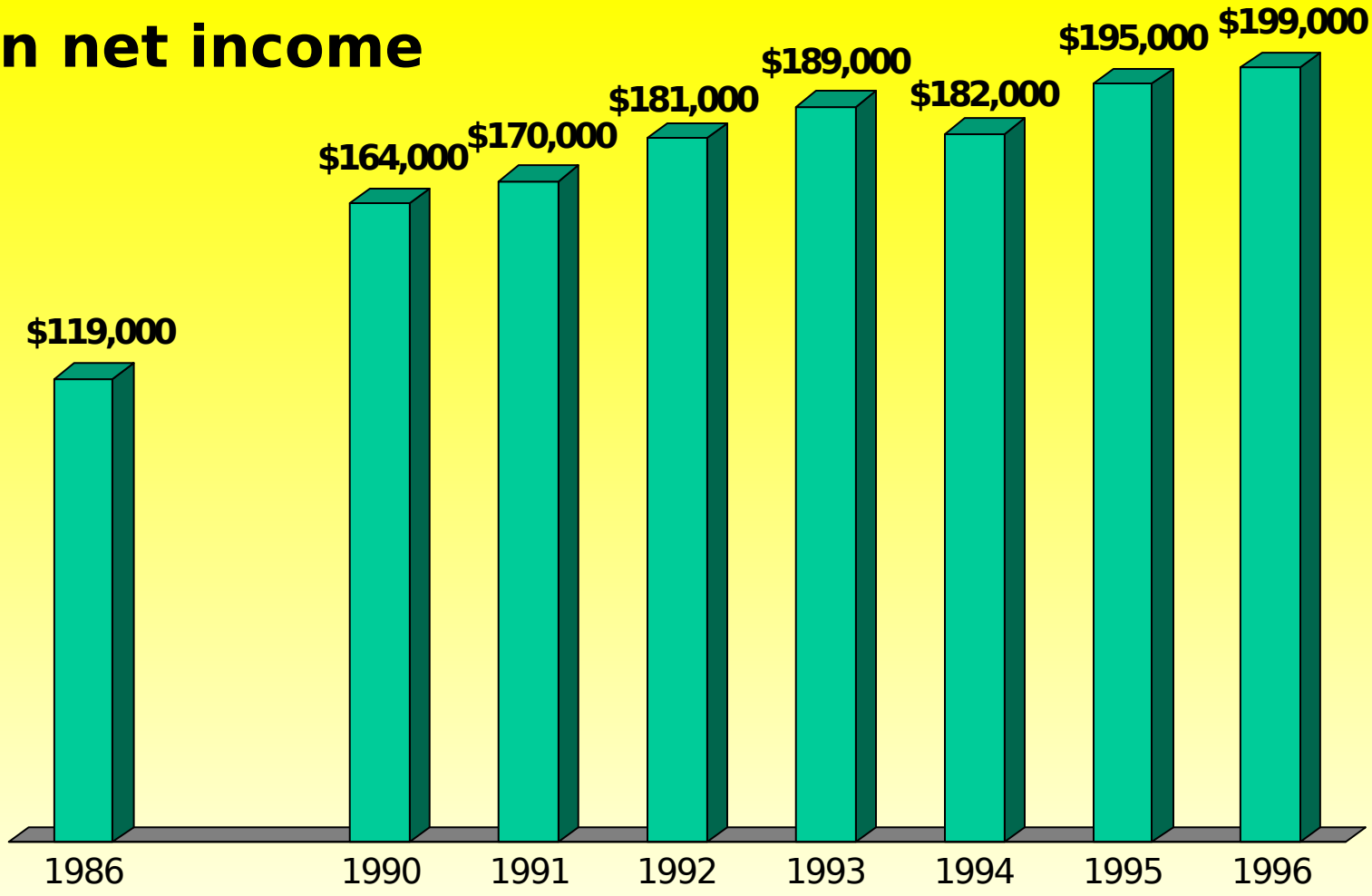
Source: GAO Report/NSIAD-99-197BR Quality of Life and Retention, Dec 98 - Mar 99

“Enlisted Retention Rates at ‘Historic Highs’”

-ArmyLINK News 9 Aug 99

AMA: Doctor's Income Still Rising

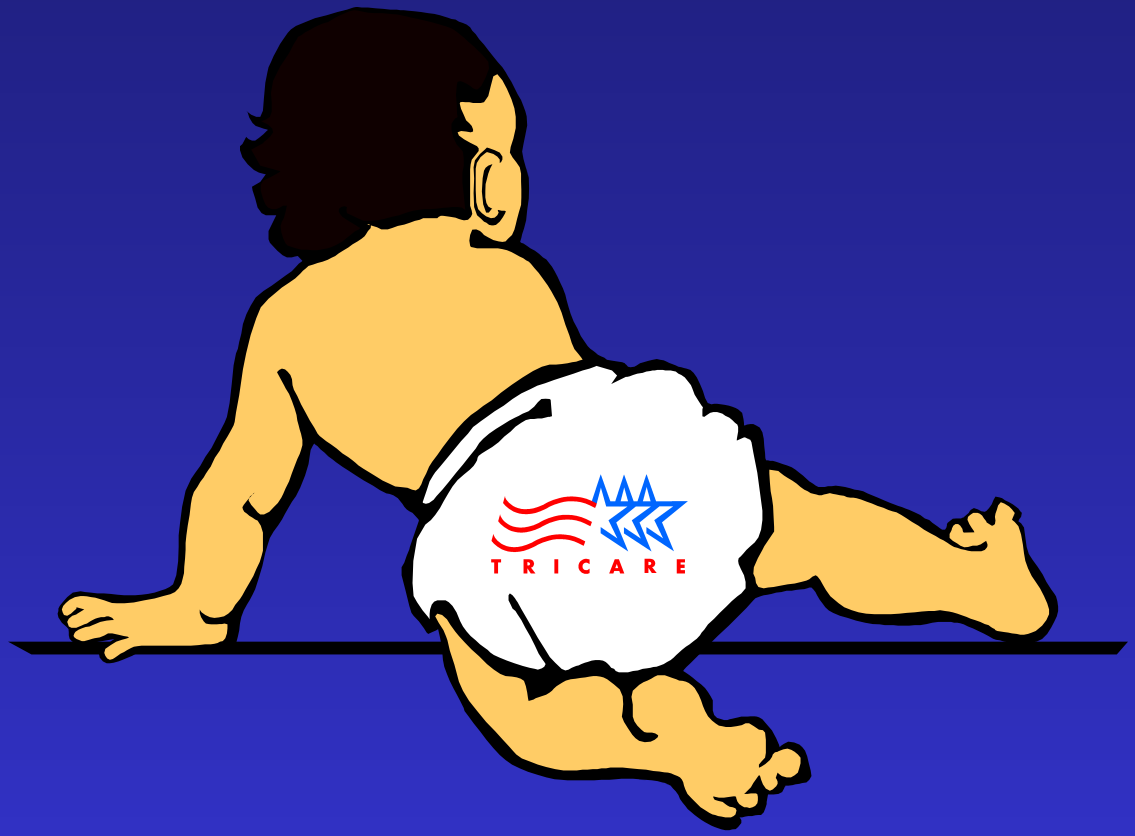
TRICARE Management Activity



Figures are averages of all physicians regardless of specialty and location. Residents and active, federally employed patient care physicians are excluded. **SOURCE**: American Medical Association, Chicago 1999

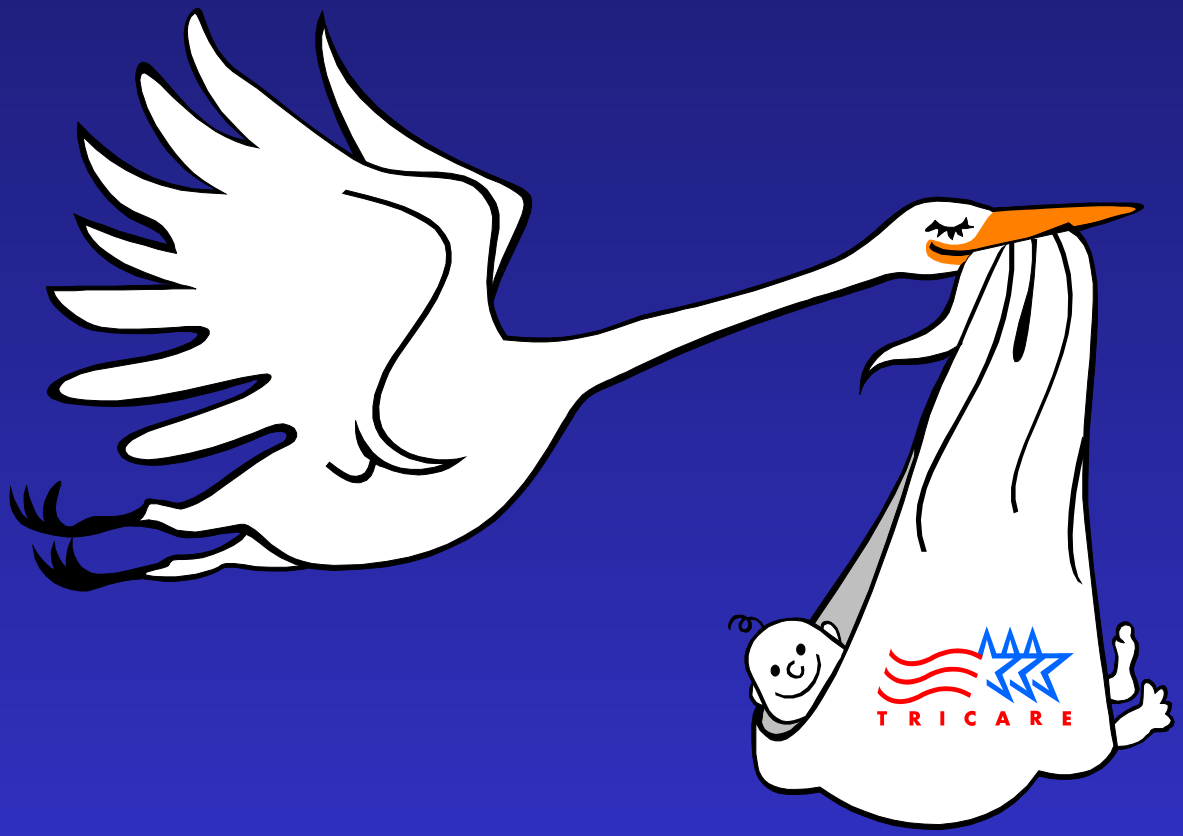
TRICARE
TRICARE Management Activity

TRICARE Baby Boom



TRICARE
TRICARE Management Activity

TRICARE Baby Boom

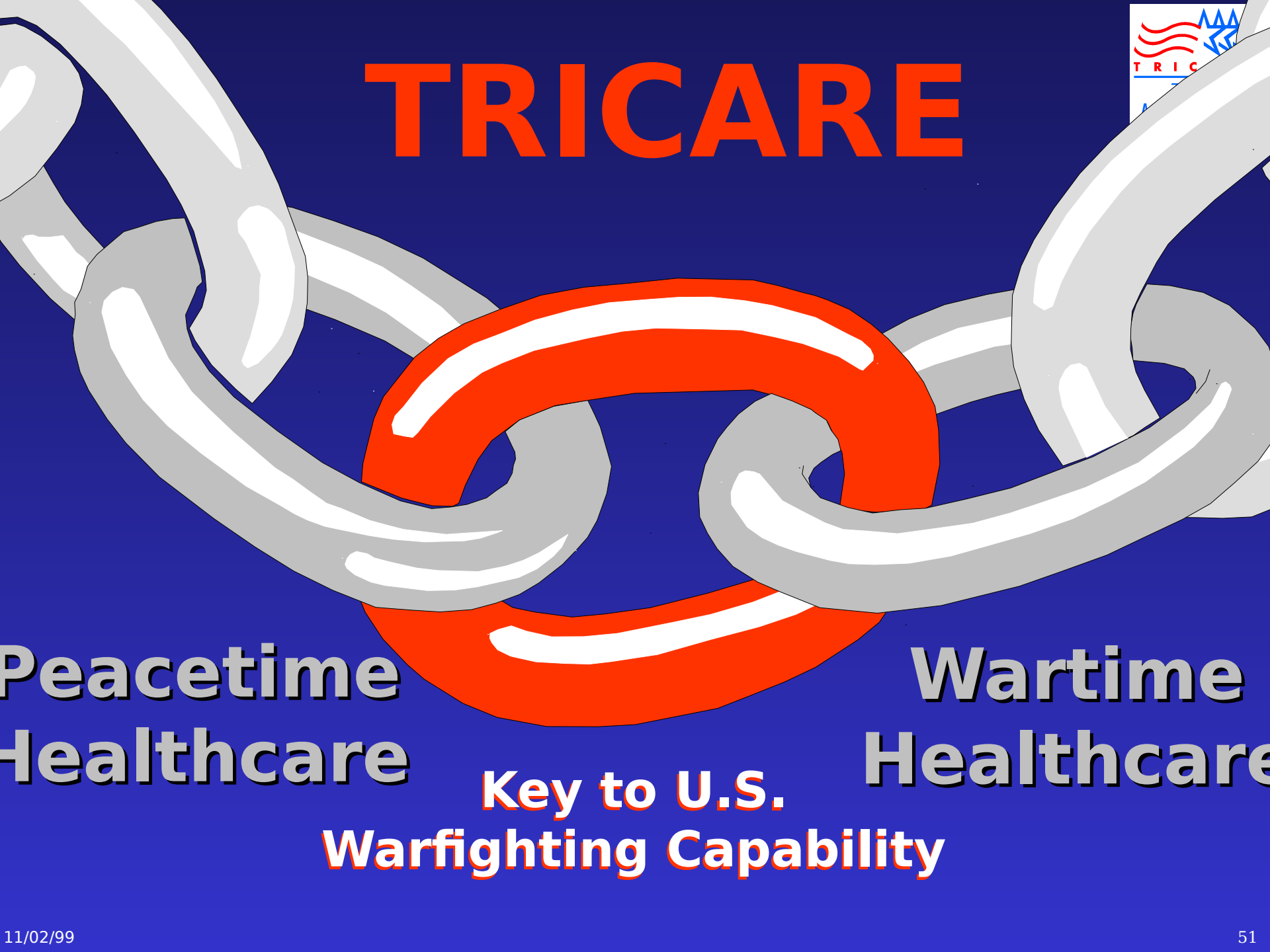


"All truth passes through
three stages.
First, it is ridiculed.
Second, it is violently opposed.
Third, it is accepted
as being self-evident."

- Arthur Schopenhauer

TRICARE's a Winner!

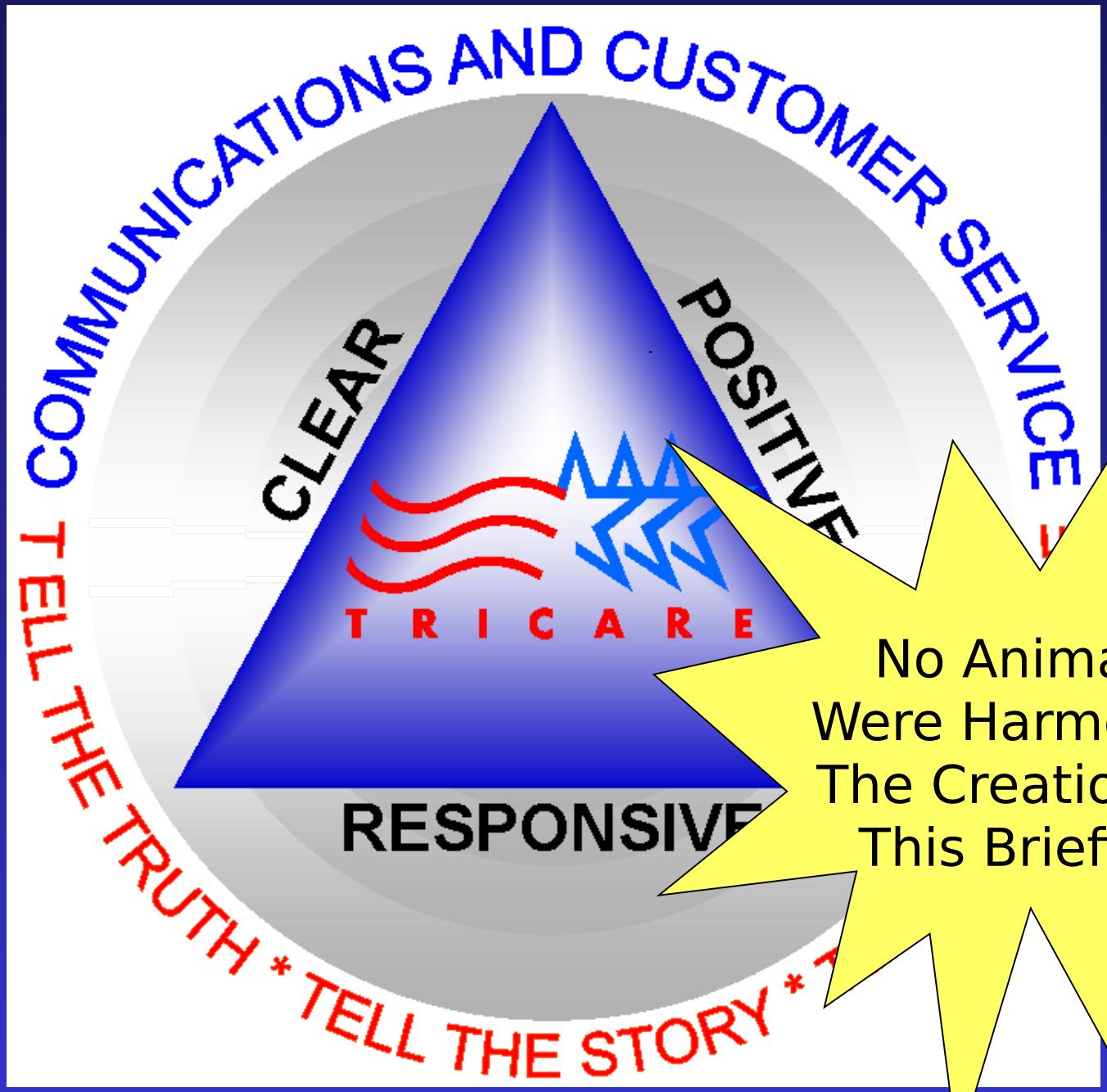
- **Tell the Story!**
- **Solve the Problems!**
- **Deliver the Promise!**


TRICARE
Peacetime Healthcare
Wartime Healthcare
Key to U.S. Warfighting Capability

9. Think waaaay outside the box

TRICARE
TRICARE Management Activity

Boy, Am I Enthusiastic!



No Animals
Were Harmed In
The Creation Of
This Briefing